

# M e m o r a n d u m

To: Panel Members

Date: December 8, 2005

From: Dolores Kendrick, Manager

Analyst: W. Aguilar

Subject: One-Step Agreement for **DAIRY FARMERS OF AMERICA, INC.**

## **CONTRACTOR:**

- Training Project Profile: Retraining: Companies W/Out-Of-State Competition
- Legislative Priorities: Moving To A High Performance Workplace  
Promotion Of California's Manufacturing Workforce
- Type of Industry: Manufacturing
- Repeat Contractor: No
- Contractor's Full-Time Employees
  - *Worldwide:* 4,000
  - *In California:* 670
- ETP Trainees Represented by Union: No
- Name and Local Number of Union Representing ETP Trainees: N/A

## **CONTRACT:**

- Program Costs: \$212,940
- Substantial Contribution: \$0
- Total ETP Funding: \$212,940
- Total In-kind Contribution: \$262,080
  - *Trainee Wages Paid During Training:* \$262,080
  - *Other Contributions:* \$0
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Ventura

**INTRODUCTION:**

Dairy Farmers of America, Inc. (DFA), is a national corporation with over 4,000 employees. As part of a partnership with Pepsico and Starbucks, DFA operates a Frapuccino manufacturing and bottling plant in Ventura with 107 employees. Frapuccino is a formulated dairy cold coffee beverage. The company qualifies for ETP funding as a manufacturer facing out-of-state competition, under Title 22 California Code of Regulations, Section 4416(b). DFA proposes to retrain its workforce in the skills necessary for the company to transition to a high performance workplace.

**MEETING ETP GOALS AND OBJECTIVES:**

DFA proposes training that will further the following ETP goals and objective:

- 1) To enhance the manufacturing skills of frontline workers to prepare them for employment in a high performance workplace, furthering ETP legislative funding priority to support manufacturing companies moving to a high performance workplace.

**TRAINING PLAN TABLE:**

Grp/Trainee Type	Types Of Training	No. Retain	No. Class/Lab Videocnf. Hrs.	No. CBT Hrs.	Cost Per Trainee	Hourly Wage After 90 Days
Retrainee Job Number 1	Computer Skills  Continuous Improvement  Manufacturing Skills  Management Skills	130	53 – 200	0	\$689 - \$2,600	\$15.00 - \$52.88
<u>Wages After 90-Day Retention</u>  <u>Occupation</u>  Production Technician (79) Processing Technician (8) Line Lead (6) Administrative/Support Staff (8) Quality Technician/Lab Technician (4) Maintenance Technician (14) Supervisor/Team Leader (5) Manager (6)					<u>Prevalent Hourly Wage</u>  \$16.00	
					<u>Average Cost Per Trainee</u>  \$1,638	
<u>Health Benefits Used To Meet ETP Minimum Wage:</u>  Although the company pays health benefits for employees, the hourly contribution is not being used to meet the ETP minimum wage requirement.					<u>Turnover Rate</u>  5%	<u>% Of Mgrs &amp; Supervisors To Be Trained:</u>  8%
<u>Other Employee Benefits:</u>  Holiday Leave, Sick Leave, Vacation Pay, Life Insurance, 401K plan.						

**COMMENTS / ISSUES:**

➤ ***Frontline Workers***

One hundred thirteen trainees in this program will be frontline workers. Eleven are supervisors and managers.

➤ ***Production During Training***

The proposed Contractor agrees that during ETP-funded training hours, trainees will not produce products or provide services which will ultimately be sold

➤ ***High Training Costs***

Panel policy requires an explanation of per trainee reimbursement when it exceeds double the average ETP cost per trainee (\$1,059 average cost x 2 = \$2,118).

Approximately 30 trainees will receive up to 200 class/lab hours depending on their job duties and expertise. This will result in potential cost per trainee of \$2,600. The Contractor reports that lengthier training programs are necessary for its relatively new and inexperienced workforce. Prior to this, many of these employees had never worked in a manufacturing setting. As a result, they require more training to be productive team members. The curriculum is directly related to the amount of instruction necessary for trainees to perform their duties with the highest level of technical expertise and self-reliance.

**PROPOSED ACTION:**

Staff recommends that the Panel approve this Agreement if funding is available and the project meets the Panel priorities.

**NARRATIVE:**

Mid-America Dairymen, Inc., was incorporated in the state of Kansas in 1967. In 1998, the name of the company was changed to Dairy Farmers of America, Inc. (DFA). DFA is a manufacturer, involved in formulating and packaging shelf-stable dairy products. Products include milk, cheese, powdered milk products, dehydrated milk products, butter, cultured milk products such as cottage cheese and yogurt, and shelf-stable formulated dairy products such as Starbucks Frappuccino, baby formula, and sports shakes. In addition to manufacturing, DFA is also a co-operative of 21,000 dairy farmers that provides marketing opportunities for its members and is a supplier of innovative dairy products and food components for customers around the world.

Company representatives state that the need for training and retraining is very important for the success of the Ventura facility, with over half of their employees hired last year. There are few manufacturing facilities in the Ventura County area and the local workforce is not prepared to step into a manufacturing environment. As a result, DFA has hired many new employees with

**NARRATIVE:** (continued)

little or no manufacturing experience. To meet the mandated timelines and production deadlines, it is necessary to get employees trained quickly and informally. Since opening, business has steadily increased, and personnel growth has doubled in the last two years. The factory operations went from four day, two shifts per day, to a six day schedule with three shifts per day.

DFA-Ventura is proposing a training program that is designed to increase employees' occupational skills in teamwork practices, quality improvement, manufacturing processes and abilities, maintenance skills, problem solving, and related performance processes, as steps toward achieving an innovative and safe workplace that maximizes productivity and overall business viability. The program includes the following types of training:

**Manufacturing Skills (Technical Skills)** training is designed to enhance the production employees' and the maintenance employees' skills both at the fundamental and advanced levels. Task area training will cover systems descriptions, sequence of operation, equipment descriptions, controls and indications, setup and operating procedures, lubrication charts, preventative maintenance, troubleshooting, quality checks and reports, and change over procedures. In an effort to promote cross training, employees will be expected to complete certification in at least three task areas after completing training requirements. Advanced level training will include maintenance employees' to be SME (Subject Matter Expert) for specific task areas with the following requirements: certification for both equipment operation and maintenance; performance of equipment preventive maintenance tasks, and troubleshooting and repairing equipment.

**Continuous Improvement** training will be given to all employees and will provide the tools to improve processes using teams to solve problems and make decisions. Training will include root cause analysis, problem solving skills and how to work and communicate effectively as a team.

**Computer Skills** training for Team Leaders, Quality Techs, Administrative Support Staff and Management will provide trainees with a better understanding of Excel, Word, and other applications to maximize employee productivity. The training will focus on helping employees do their jobs faster, smarter, and more effectively.

**Management Skills** training will be provided to Managers and Supervisors to help them develop a highly effective work team, to effectively coach and develop employees. This training will focus on effective coaching, dealing with conflict, interactive management and leadership skills.

***Supplemental Nature of Training***

State law requires that ETP funds be used to supplement, rather than displace, funds available through existing programs conducted by employers and government-funded programs.

Previous and current training at the Ventura facility has consisted of general safety, company new employee orientation, and elementary leadership skills, as well as on-the-job training in

**NARRATIVE:** (continued)

production provided on an as-needed basis. The current proposal is for the provision of training that is further advanced than that provided previously, and addresses the company's need to progress technologically, and to ensure that its employees are capable of utilizing the progressively more advanced technological systems and practices.

Once the ETP program has concluded, DFA-Ventura reports it is committed to investing over \$300,000 in ongoing training in manufacturing, computer, continuous improvement, and business courses that will keep the company competitive in the manufacturing and distributing industry.

**SUBCONTRACTORS:**

Developmental Dimensions International (DDI), Costa Mesa, Los Angeles, California, to provide training in continuous improvement, amount to be determined;

New Horizons Computer Learning Centers, Oxnard, California, to provide training in computer skills, amount to be determined.

**THIRD PARTY SERVICES:**

None

## **DAIRY FARMERS OF AMERICA**

### **MENU CURRICULUM**

Hours  
Class / Lab  
53 - 200

Trainees will receive any of the following:

#### **Computer Skills**

Desktop Publishing  
ACT! (Automated Contact Management Program)  
Microsoft Office/Outlook  
Groupwise

#### **Continuous Improvement**

Problem Solving  
Teambuilding  
Quality Assurance training  
Coaching for Success  
Leadership Skills for Frontline Workers  
Decision Making  
Project Management

#### **Management Skills\***

Leadership Skills  
Conflict Management  
Managing Performance Problems  
Resolving Conflict  
Interaction Management

\* Only Managers & Supervisors will receive Management Skills training.

#### **Manufacturing Skills**

Production Operations  
Equipment Operation  
Cross-training in Production Equipment Skills  
Forklift Training  
Maintenance Skills